



ASEAN Integration in Healthcare Services



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Instruments Related to Services Integration in ASEAN



ASEAN Framework Agreement on Services (AFAS)

- Signed in 1995, it provides mandate for progressive removal of restrictions to supply services in other *ASEAN Member States (AMS)*
- To be superseded by *ASEAN Trade in Services Agreement (ATISA)*

Mutual Recognition Arrangement (MRA)

- Provides mandate for recognition of qualifications granted in another AMS
- 3 healthcare-related professions to-date: Nursing and Midwifery (2006), Medical Practitioners (2009) and Dental Practitioners (2009)

Agreement on Movement of Natural Persons (MNP)

- Signed in 2012, it supersedes and enhances AFAS commitments related Mode 4 (Movement of Natural Persons)

ASEAN Qualification Reference Framework (AQR)

- Endorsed in May 2015, it provides framework to enable comparison of qualifications across AMS

ASEAN Framework Agreement on Services (AFAS)



- ASEAN integration in trade in services was institutionalised through the *ASEAN Framework Agreement on Services (AFAS)* signed by *ASEAN Economic Ministers (AEM)* during the 5th ASEAN Summit (Bangkok, 15 December 1995)
- One major objectives of the AFAS is to liberalise trade in services by expanding the depth and scope of liberalisation beyond those undertaken by Member States under the GATS with the aim to realising a free trade area in services
- AFAS adopts the structure and approach of *General Agreement on Trade in Services (GATS)* of the *World Trade Organisation (WTO)*
 - AFAS provides the framework for integration of services within ASEAN context (e.g. institutional mechanism, accession of new members, dispute settlement, etc.)
 - Article XIV(1) of AFAS provides that main services disciplines remains as per GATS (such as MFN, MA, NT, Domestic Regulations, Transparency, etc.)

Liberalisation Process under AFAS



Liberalisation under AFAS has been done progressively, resulting in successive Packages of Commitments with increasing depth and width of commitments

- Within each Package, all AMS specify the list of services sectors and subsectors which they are ready to commit, and how open these are (incl. how much restrictions they wish to remove or maintain for foreigners to supply services into their country).
- Most international agreements on services liberalisation are negotiated using request-and-offer approach as adopted in the WTO. Unique to ASEAN, is the use of *numerical targets* for liberalisation: introduced and used since 1999 and subsequently become mandatory since 2005 for completion of each successive AFAS Packages.
- The *ASEAN Economic Community (AEC) Blueprint* adopted by ASEAN Leaders at the 13th ASEAN Summit (Singapore, 20 November 2007) includes the details of those numerical thresholds available by then, and provides for strong mandate of AFAS liberalisation towards establishment of the AEC in 2015.
- Liberalisation of financial and air transport services as well as the services incidentals under the ACIA are undertaken under separate Ministerial tracks, and are not subject to numerical targets/thresholds.

Healthcare Services Covered in Trade Agreements



Sectoral Coverage

- There are 5 subsectors related to healthcare services covered in trade agreements*:
 - Medical and Dental
 - Veterinary
 - Nursing, Midwifery
 - Hospital Services
 - Other Human Health Services (ambulance, paramedics, physiotherapy, etc.)

Examples of Restrictions to Trade in Services

- Market Access: Limitations to foreign suppliers to enter the local market, such as:
 - Minimum number of beds in the hospitals
 - Maximum number of foreign doctors that can practice in the host country
 - Maximum equity of foreign suppliers in a joint-venture with local hospital/clinic
- National Treatment: Less favourable condition to foreign suppliers than the locals:
 - Proficiency of local Language
 - Higher income tax and/or license fees
 - Residency requirements
 - Licensing and registration requirements
 - Technology transfer

* Note: Based on standard sectoral classification as used in the WTO (known as MTN.GNS/W/120 document)

Progress of AFAS



- ASEAN Economic Ministers have signed 10 packages of commitments. Most ASEAN Member States have completed their full commitments for the 10th AFAS package.

Package	Venue and Date of Signing
1	Kuala Lumpur, 15 December 1997
2	Ha Noi, 16 December 1998
3	31 December 2001 (Ad-Referendum)
4	Jakarta, 3 September 2004
5	Cebu, 8 December 2006
6	Singapore, 19 November 2007
7	Cha-am, 26 February 2009
8	Ha Noi, 28 October 2010
9	Makati City, 27 November 2015
10	Singapore, 11 November 2018

ASEAN Trade in Services Agreement (ATISA)



- ASEAN recognised the importance of reviewing and enhancing the AFAS, building upon existing ASEAN services agreements and decisions, including those signed with ASEAN's dialogue partners
 - Similar effort and transformation have also been undertaken in the area of investment (resulting in *ASEAN Comprehensive Investment Agreement – ACIA*) and trade in goods (resulting in *ASEAN Trade in Goods Agreement – ATIGA*)
- The enhanced AFAS is called the *ASEAN Trade in Services Agreement (ATISA)*
 - ATISA provides framework for AMS to transition into negative list approach within a definite timeline in the future
- ATISA has been signed by 9 AMS and the remaining AMS is expected to sign it within 2019 upon completion of its domestic processes

Movement of Natural Persons (MNP)



- *ASEAN Agreement on Movement of Natural Persons (MNP)* was signed on 19 November 2012 in Phnom Penh, Cambodia by *ASEAN Economic Ministers (AEM)*
 - Aims to facilitate the movement of natural persons engaged in the conduct of trade: in goods, trade in services and investment between ASEAN Member States
 - Consolidates all of existing commitments under the *ASEAN Framework Agreement on Services (AFAS)* in relations to Mode 4 (MNP).
- ASEAN has recently in 2019 agreed on a common format for scheduling commitments under the agreement
- Works are currently on-going to update the schedules of commitment under this agreement taking into account various developments since the signing of the Agreement.

Mutual Recognition Arrangement (MRA)



- An MRA enables professional service providers registered/certified in its signatory countries to be equally recognised in other signatory countries
- MRAs in 7 occupations have been signed by ASEAN Economic Ministers and one MRA signed by ASEAN Tourism Ministers

MRA	Venue and Date of Signing
MRA on Engineering Services	Kuala Lumpur, 9 December 2005
MRA on Nursing Services	Cebu, 8 December 2006
MRA on Architectural Services	
Framework Arrangement for the Mutual Recognition of Surveying Qualifications	Singapore, 19 November 2007
MRA Framework on Accountancy Services	
MRA on Medical Practitioners	Cha-am, 26 February 2009
MRA on Dental Practitioners	
MRA on Tourism Professionals	Bangkok, 9 November 2012
MRA on Accountancy Services	Nay Pyi Taw, 13 November 2014

Different Models of the MRAs



- MRAs on Engineering, Architecture, and Accountancy provide recognition of qualifications for registered ASEAN professionals.
- MRAs on Surveying lay down the broad principles and framework for the negotiations of bilateral or multilateral MRAs.
- MRA on Tourism Professional provides recognition of equivalence of certification procedures and competency certificate in specific job titles.
- MRAs on Nursing, Medical Practitioners, and Dental Practitioners focus on exchange of information and best practices.
- **All MRAs does not warrant unrestricted free flow of foreign professionals, as relevant domestic regulations and market demand still applies**

About ASEAN Healthcare MRAs



Objectives

- Facilitate mobility of professionals within ASEAN;
- Exchange information and enhance cooperation in respect of mutual recognition of professionals;
- Promote adoption of best practices on standards and qualifications; and
- Provide opportunities for capacity building and training of medical practitioners

On-Going Works

- Exchange and publish information on domestic regulations related to registration and licensing of health professionals
- Standardise procedures/mechanism/standard: such as practice standard, minimum competency standard, licensing procedures.
- Explore possible mechanism to facilitate temporary registration to undertake a number of activities (e.g. teaching, clinical practice, training, research, lecture, expert visit, and humanitarian).

ASEAN Qualifications Reference Framework (AQRF)

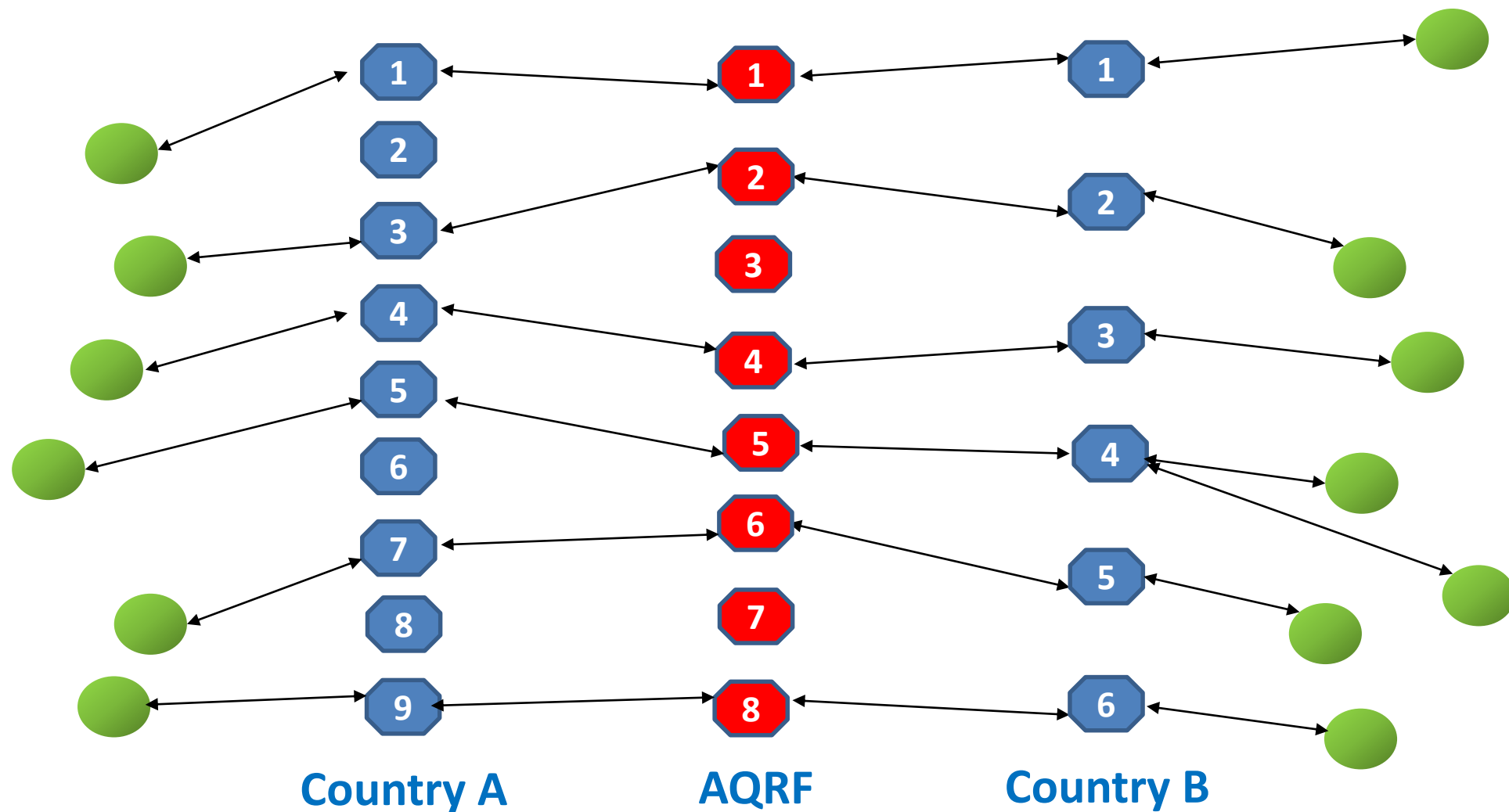


- AQRF is a common reference framework that enables comparison of qualifications across ASEAN while enhancing each Member States' qualification systems.
 - AQRF promotes mobility within ASEAN and specifically supports the implementation of AEC Blueprint through recognition of professional qualifications as well as the *ASEAN Socio-Cultural Community (ASCC)* Blueprint which targets to establish national skills frameworks as an incremental approach towards an ASEAN skills recognition framework.
- AQRF was endorsed by the 46th *ASEAN Economic Ministers (AEM)* on 25 August 2014 in Nay Pyi Taw, by the 8th *ASEAN Education Ministers Meeting (ASED)* on 11 September 2014 in Vientiane, and through ad referendum endorsement process by *ASEAN Labour Ministers Meeting (ALMM)* completed in 4 May 2015.
- Implementation of the AQRF is on-going, with 2 AMS (Malaysia and Philippines) have had their referencing reports endorsed by other AMS and another 2 AMS (Thailand and Indonesia) are close to having their referencing reports endorsed (subject to incorporation of inputs agreed at the previous meeting).

AQRF Referencing Process



- AQRF consists of 8 levels of competency standard
 - Notion of competence include cognitive and functional competences; with personal and ethical competence attributed to NQF
 - Two (2) domains: Knowledge and Skills, Application and Responsibility



Addressing Technical Barriers to Trade in Healthcare Products



- Works are also on-going in the Trade in Goods track to eliminate *Technical Barriers to Trade (TBT)* through harmonisation of standards, Mutual Recognition Arrangement (MRA) of conformity assessment results, and harmonisation of regulatory regimes.
- Healthcare products are one of the priority work areas.
- Medical Device
 - *ASEAN Medical Device Directive (AMDD)* signed in 2014
- Pharmaceutical
 - Developed *ASEAN Common Technical Requirements (ACTR)* and *ASEAN Common Technical Dossier (ACTD)*
 - Signed *ASEAN Sectoral MRA for GMP Inspection of Manufacturers for Medicinal Products* (2009) and *ASEAN MRA on Bio-Equivalence (BE) Study Report* (2017)
- Traditional Medicines and Health Supplements
 - Harmonised technical requirements on traditional medicines and health supplements to be annexed to the following (currently being negotiated):
 - *ASEAN Agreements on Regulatory Framework for Traditional Medicines*
 - *ASEAN Agreements on Regulatory Framework for Health Supplements.*

ASEAN Economic Community (AEC) Blueprint 2025



- Adopted by ASEAN Leaders at the 27th ASEAN Summit (22 Nov 2015, Kuala Lumpur) together within the Kuala Lumpur Declaration on ASEAN 2025, the ASEAN Community Vision 2025, and the APSC and ASCC Blueprints 2025.
 - *Kuala Lumpur Declaration on the Establishment of the ASEAN Community* was also adopted
- For trade in services, it aims to further broaden and deepen services integration within ASEAN, ASEAN's integration into the global supply chains, and enhance ASEAN's competitiveness in services.
 - The next agenda is to negotiate and implement the *ASEAN Trade in Services Agreement (ATISA)* as the legal instrument for further integration of services
- Specific section on healthcare with mandate to promote the development of a strong *healthcare industry* that will contribute to better healthcare facilities, products and services to meet the growing demand for affordable and quality healthcare in the region.

ASEAN's Services FTAs



- Internal integration of ASEAN in the area of trade in services has been inter-connected with parallel developments of ASEAN's economic engagement with its trading partners
- Trade in services is an important element of ASEAN's *Free Trade Area (FTA)* and *Comprehensive Economic Partnership (CEP)* agreements with its Dialogue Partners.
 - Completed trade in services agreements:
 - ASEAN-China: Signed on 17 January 2007 in Cebu, further upgrade signed on 21 November 2015 in Kuala Lumpur
 - ASEAN-Korea: Signed on 21 November 2007 in Singapore
 - ASEAN-Australia-New Zealand: Signed on 27 February 2009 in Cha-am (Part of Single Undertaking under AANZFTA)
 - ASEAN-India: Signed on 13 November 2014 in Nay Pyi Taw
 - ASEAN-Hong Kong: signed on 28 March 2018 in Nay Pyi Taw (Part of AHKFTA Agreement)
 - ASEAN-Japan: Signed on 24 April 2019 in Ha Noi (Part of the First Protocol to Amend the AJCEP Agreement)
 - *Regional Comprehensive Economic Partnership (RCEP)*: expected to be signed in 2020

Regional Comprehensive Economic Partnership (RCEP)



- ASEAN Leaders at their 19th Summit (Bali, Nov 2011) adopted *ASEAN Framework on Regional Comprehensive Economic Partnership (RCEP)*
- Leaders of ASEAN and their 6 FTA Partners (Australia, China, India, Japan, Korea, New Zealand) launched the RCEP negotiations through a Joint Declaration on 20 November 2012 in Phnom Penh.
- Negotiations commenced in May 2013 in Brunei Darussalam.
- As of the recent 3rd RCEP Summit (4 November 2019, Bangkok) all 20 chapters have been concluded and essentially all market access issues, pending the resolution of India. Legal scrubbing will commence for signing in 2020.
 - Chapter on Trade in Services (TIS) and Movement of Natural Persons (MNP) have been concluded. Chapter on TIS also includes specific Annexes on financial, telecommunication, and professional services.
 - Will also cover various chapters such as trade in goods, rules of origin, customs procedures, investment, intellectual property, electronic commerce, competition, economic and technical cooperation, etc.

ASEAN Investment Report 2019: Focus on Healthcare



ASEAN Investment Report (AIR) 2019 features discussions on FDI in services sector which special focus on healthcare

- AIR is an annual public investment report to provide information on trends and developments related to FDI in ASEAN, with specific theme/focus for each year.
- AIR 2019 features specific theme on FDI in services sectors, which is the largest recipients of FDI in ASEAN Member States.
- It also has special focus on healthcare sector:
 - The increasing need for investment in the healthcare sector
 - Supporting development of private healthcare is necessary to complement public healthcare spending
 - Intra-regional investment in healthcare industry is growing
 - This includes SMEs and startups
 - Medical tourism stimulates private investment in healthcare industry in some ASEAN Member States.
- <https://asean.org/asean-investment-report-2019-fdi-services-focus-health-care/>



Australian Aid





Reflections



Impact of Economic Integration on Healthcare Industry

Further Resources



- ASEAN Trade in Services Main Page:
<http://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/services/>
- Latest AFAS Publication:
<http://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/services/publications/>





Thank You



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